

1.0 Children's Health Insurance Program (CHIP)**Summary**

The 1998 Legislature passed House Bill 137, which established the Children's Health Insurance Program (CHIP) for the State. This program provides health insurance coverage to children up to age 19 living in families whose income is less than 200 percent of the Federal Poverty Levels. The program receives approximately 80 percent of its funding from Federal Funds, but requires a match of state funds, which are coming in from a tax assessed on hospitals in the State.

Financial Summary

	FY 2000
<u>Plan of Financing</u>	<u>LFA</u>
Federal Funds	15,521,800
GF Rest. - Hospital Provider Assessment Account	5,500,000
GF Rest. - Medicaid Restricted Account	<u>(1,352,200)</u>
Total	<u><u>\$19,669,600</u></u>
<u>Programs</u>	
Children's Health Insurance Program	<u>\$19,669,600</u>
Total	<u><u>\$19,669,600</u></u>

2.0 Critical Issues: Children's Health Insurance Program

2.1 Second Year Implementation

The original estimates for CHIP reflected a two-year phase in, with approximately 10,500 children enrolling in FY 1999 and another 10,500 enrolling in FY 2000. The recommended amount of \$9,578,000 will accommodate the additional children expected in FY 2000.

2.1 Funding

	FY 2000
<u>Plan of Financing</u>	<u>LFA</u>
Federal Funds	\$7,632,500
GF Rest. - Medicaid Restricted Account	1,945,500
Total	<u><u>\$9,578,000</u></u>
FTE	4.00

3.1 Children's Health Insurance Program

Recommendation The Analyst recommends funding in the amount of \$10,091,600 to continue the health insurance coverage for those children who are enrolled during FY 1999 in the Children's Health Insurance Program (CHIP). The projections are based on 30,000 uninsured children who would be eligible for the CHIP, approximately 70 percent of whom would enroll, half during FY 1999 and the balance in FY 2000.

The major funding source is Federal Funds, which will provide approximately \$7.9 million. The State's required match is expected at \$2.2 million, leaving a balance from the restricted account of almost \$3.3 million which, according to the statute, can be used to fund the Medical Assistance program.

3.1 Funding

	FY 1999	FY 2000	Difference
<u>Plan of Financing</u>	<u>Estimated</u>	<u>LFA</u>	<u>Est./LFA</u>
Federal Funds	\$6,849,100	\$7,889,300	\$1,040,200
GF Rest. - Hospital Provider Assessment Account	5,500,000	5,500,000	0
GF Rest. - Medicaid Restricted Account	(3,551,500)	(3,297,700)	253,800
Total	\$8,797,600	\$10,091,600	\$1,294,000
% Change		14.71%	
FTE	6.5	6.5	0.0

Summary

The Federal government created the State Children's Health Insurance Initiative (Title XXI) as a part of the Balanced Budget Act of 1997. The purpose of this act is to provide health insurance to children who (1) are age 18 or under, (2) live in families with incomes below 200 percent of the Federal Poverty Level, (3) are not eligible for Medicaid, and (4) are uninsured.

During the 1998 Legislative session, the Legislature passed House Bill 137 which established the Children's Health Insurance Program for Utah.

CHIP Funding

The major portion of the funding for CHIP comes from Federal funds. The authorized level of Federal Funds is tied to the State's Medicaid rate, but at an enriched level. Because the State of Utah has a relatively high Medicaid rate, the CHIP services match rate is also fairly high (approximately 80 percent), with the State putting up the balance of 20 percent. (The match for CHIP administrative costs is 50 percent). An assessment levied on hospitals in the State was established during the 1998 Legislature to provide the necessary revenue stream for the State's match requirement. The statute puts a cap of \$5.5 million on the assessment, and allows any balance from the \$5.5 million, after the match requirement, to help pay for Medicaid expenses. The Analyst shows the unused assessment flowing into the Medicaid Restricted Account, from which funds can be appropriated for the Medicaid program.

The original estimate for the premium cost for the program was \$64 per member per month. The actual rate is approximately \$74, which will increase the State's share of the total cost by approximately \$500,000. This will decrease the amount that the Analyst projects will be available for Medicaid to approximately \$1,350,000 during FY 2000, assuming the full enrollment of 21,000 children in CHIP by FY 2000.

**CHIP Benefit
Package**

The benefit package for the CHIP is based on the benefit package of public employees, but emphasizes prevention. Well-child exams and immunizations are covered at 100 percent. Some services require co-payments, depending on the family's income level.

Enrollment began the first part of August 1998. Through the end of October 1998, 2,810 children had been enrolled - about 2/3 of whom are in families with incomes between 100 and 150 percent of poverty, with the other 1/3 from families with incomes between 150 and 200 percent. Approximately half of the enrolled children come from rural areas and half from urban areas.

Utah Tomorrow

The following are some of the Utah Tomorrow performance measures that are directly affected by the Children's Health Insurance Program:

<u>Performance Measure</u>	<u>1990</u>	<u>1995</u>	<u>2000</u>
Percent of Utahns covered by a basic benefit package that includes preventive services			
Percent of population uninsured by health district:			
Urban Health Districts:			
Davis	7.7%		
Salt Lake	9.2%		
Utah	8.9%		
Weber/Morgan	6.7%		
Rural Health Districts:			
Bear River	8.5%		
Central Utah	13.8%		
Southeastern	14.0%		
Southwest	14.9%		
Summit	12.5%		
Tooele	5.6%		
Uintah Basin	18.9%		
Wasatch	11.7%		
Percent of Utahns without health insurance	9.5%		2.0%
Percent of Utahns not receiving health care, when needed	1.1%		0
Rate of preventable hospitalizations if patient had access to outpatient primary services per 10,000			
Diabetes	2.2		
Dehydration	6.2		
Gastroenteritis	2.1		
Asthma	6.5		
Congestive Heart Failure	8.9		
Malignant Hypertension	0.1		
Percent of children below the poverty level			

3.1 Budget Highlights: Children's Health Insurance Program

Second Year Implementation of CHIP

It has been estimated that enrollment in CHIP would take approximately two years, with half of the enrollees coming on the program during FY 1999 and the other half during FY 2000. The projected costs for services is estimated at \$9,358,000 and for eligibility costs \$220,000. The anticipated revenue comes from Federal Funds and the Hospital Assessment (via the Medicaid Restricted Account).

Financing

	FY 2000
<u>Plan of Financing</u>	<u>LFA</u>
Federal Funds	\$7,632,500
GF Rest. - Medicaid Restricted Account	1,945,500
Total	<u><u>\$9,578,000</u></u>
 FTE	 4.00

4.0 Tables: Children's Health Insurance Program

	FY 1999	FY 2000	Difference
	<u>Rev. Estimated</u>	<u>LFA</u>	<u>Est./LFA</u>
Plan of Financing			
Federal Funds	\$6,849,100	\$15,521,800	\$8,672,700
GF Rest. - Hospital Provider Assessment Account	5,500,000	5,500,000	0
GF Rest. - Medicaid Restricted Account	(3,551,500)	(1,352,200)	2,199,300
Total	\$8,797,600	\$19,669,600	\$10,872,000
<u>Programs</u>			
Children's Health Insurance Program	\$8,797,600	\$19,669,600	\$10,872,000
Total	\$8,797,600	\$19,669,600	\$10,872,000
<u>Expenditures</u>			
Personal Services	\$325,600	\$1,104,400	\$778,800
Travel	2,300	2,300	0
Current Expense	604,500	45,700	(558,800)
Data Processing	60,000	60,000	0
Pass-Through	7,805,200	18,457,200	10,652,000
Total	\$8,797,600	\$19,669,600	\$10,872,000
FTE	6.50	10.50	4.00

4.1 Federal Funds: Children's Health Insurance Program

	FY 2000
	<u>LFA</u>
Children's Health Insurance Program	
Title XXI	\$15,521,800
Total	<u><u>\$15,521,800</u></u>